

PROJECT DELIVERY ACCELERATION TOOL BOX

Improvements to the Department of Transportation's Project Delivery Process

Version 9-02

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Project Delivery

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I. Introduction

This report identifies changes, which are proposed to be implemented at the California Department of Transportation (the Department) over the next few years. This report will be modified often to reflect the most current continuing improvement efforts of the Department. The purpose of this document is to provide the Department's employees, as well as our external partners, some valuable tools that can be used to accelerate project delivery. Additional information can be found on the Department's Acceleration website located at <http://www.dot.ca.gov/accel>.

II. Summary

This “Tool Box” is a comprehensive report listing all the Department’s acceleration efforts in the recent past and proposed techniques over the next few years. Independent efforts from the Department’s staff, legislative changes and many other sources have helped to contribute to the acceleration techniques contained in this “Tool Box.”

Tool Box Content

As discussed above, this “Tool Box” is a compilation of acceleration techniques that are a result of various efforts both internal and external to the Department and is modified often to reflect the most current continuing improvement efforts of the Department. The contents are organized by functional area (i.e., Budgets, Planning, Programming, etc.) with both implemented and planned acceleration techniques addressed.

III. AB 1012

AB 1012 (Chapter 783 of the Statutes) was urgency legislation signed in October of 1999. The main intent of the bill was to expedite the use of the excessively large cash balance in the State Highway Account (SHA) and to accelerate the delivery of transportation improvement projects. This legislation consisted of seven main components. Updates on these seven components are listed below.

A. Transportation Project Delivery Teams

One component of AB 1012 was the establishment of the Project Delivery Advisory Teams. These teams were established in Fresno, Oakland, Redding and San Diego. Team members included Department district directors, Regional Transportation Planning Agencies' (RTPA) executive directors, county public works directors and members from the local transit districts, cities, counties, Professional Engineers in California Government, private industry, private construction trade unions and the Federal Highway Administration (FHWA). Each of these four teams wrote a report identifying how project delivery could be significantly accelerated. The four reports were compiled into one document and delivered to the Legislature. The reports are the works of the four teams and are not the Department's reports.

Although not required per the statute, the Department is in the process of reviewing and evaluating the recommendations – implementing all feasible recommendations whenever and wherever possible within the Department's authority.

The Project Delivery Advisory Teams' report contained a total of 191 recommendations. Some of these recommendations contained multiple ideas and some recommendations are covered by more than one team. Of the 191 recommendations, approximately 30% have been fully implemented and another 35% have implementation in progress. The Department owns about 30% of all the recommendations, and of those, has implemented about 40% while another 50% have implementation in progress. Of the remaining 10% that the Department owns, 5% will be pursued and the other 5% are recommendations that the Department does not support. One example of a recommendation that the Department does not support is that the Department should revert back to English units from metric units. The Department is fully converted and dedicated to the metric system and is not planning on converting back to English units. However, to assist local agencies, the Department is preparing standard plans and specifications in dual units for use on off-system projects. Some of the implemented recommendations that are contained in this tool box are:

Delegated Authority (Section V. Programming)

Mitigation Banking (Section VII. Environmental)

Design Sequencing (Section IX. Design)

Capital Project Skill Development Plan (Section VIII. Project Management)

B. Management Information System

AB 1012 also required the Secretary of Business, Transportation and Housing Agency to appoint a committee consisting of various city, county and state stakeholders, and for the committee to develop a plan for a management information system to improve transportation project monitoring and delivery. This plan provides the objectives and measuring devices, organizational structure, and estimated costs of moving forward. Key recommendations of the plan include:

- Develop and deploy a universal transportation project identifier methodology suitable to all stakeholders;
- Develop and deploy as quickly as possible an on-line access to mission critical transportation project information;
- Conduct a high-level assessment of the transportation community information technology environment and develop an enterprise architecture and a strategy for its continued improvement;
- Develop a data dictionary for informational elements necessary for the analysis of the veracity of ongoing transportation projects;
- Deploy a decision support system and operational convention among stakeholders;

- Establish organizational entities responsible for managing relationships between stakeholders and responding to identified transportation management challenges; and
- Upgrade the Department's financial management system.

C. Advanced Project Delivery

The Advanced Project Delivery component of AB 1012 allows for up to 25% of the outer two years of the State Transportation Improvement Program (STIP) to be advanced for project development work.

Guidelines are approved and in place and have been utilized for over two dozen projects (state and local) to date.

The California Transportation Commission (CTC) is required to report on the impact of the Advanced Project Development component of AB 1012 not later than September 1, 2002.

D. Reimbursable Work

This section of AB 1012 was to allow the Department to perform reimbursable work when authorized through the annual budget process. It was determined that this segment of the bill, as written, does not change the way the Department currently does business.

E. Loan Program

The AB 1012 Loan Program allows the CTC to issue loans from the SHA for the advancement of projects eligible under the STIP. Guidelines and procedures for the SHA Loan Program (AB 1012) were approved on June 15, 2000. Marketing letters were sent to RTPAs, Metropolitan Planning Organizations (MPOs) and Transportation Management Agencies (TMAs) on July 19, 2000 announcing the new loan program. No formal loan applications have been received to date.

F. Expedited Project Study Report

Pursuant to Chapter 622 of the Statutes of 1997 (SB 45, Kopp - STIP Reform) and AB 1012, an expedited process for projects to meet the requirements of a project study report was prepared. These guidelines are the Project Study Report – Project Development Support (PSR-PDS) and were adopted by the Commission on December 8, 2000.

G. Use-It-Or-Lose-It

Two types of local assistance subvention funds, Congestion Mitigation and Air Quality Improvement (CMAQ) and Regional Surface Transportation Program (RSTP), are subject to “use it or lose it” provisions of AB 1012. This portion of the legislation states that regional agency CMAQ and RSTP funds that are not obligated within the first three years of federal eligibility are subject to reprogramming by the CTC in the fourth year.

The first cycle of “use it or lose it” began January 19, 2000, with the notification that regional agencies had one year to obligate \$333 million in order to avoid potential reprogramming of the funds to other projects. By January 19, 2001, all regions had fully obligated their RSTP funds. Only two regions, with a combined balance of \$1 million were unable to obligate their CMAQ funds by the deadline. The CTC has allowed these regions to retain their funds and report back at the June CTC meeting that the funds have been obligated.

The second annual notification was released December 5, 2000 with a balance of \$277 million that must be obligated within a year. At the end of January 2001, the balance had already been reduced to \$185 million.

It appears that the “use it or lose it” provision of AB 1012 has prompted the delivery of local assistance projects.

IV. TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

The Governor's Traffic Congestion Relief Program enacted through Assembly Bill 2928 (Chapter 91, Statutes of 2000 – Torlakson) and Senate Bill 1662 (Chapter 656, Statutes of 2000 – Burton) was established to fund 141 specific projects to relieve congestion, provide for the safe and efficient movement of goods, and provide connectivity between modal systems. Additionally, AB 2928 provided measures to facilitate and expedite project delivery and to address local and regional agency needs. Specifically, AB 2928 provided \$6.8 billion (now estimated at \$8.2 billion) for:

- Traffic Congestion Relief Program - 141 projects.
- \$400 million in the 2000/2001 FY to cities and counties for street and road maintenance and rehabilitation.
- 5-year STIP starting with the 2002 STIP. Provides an additional program year to increase programming capacity.
- CMAQ/RSTP Exchange Program for regional agencies. Local and regional agencies had indicated that projects can be delivered more quickly and cheaper if federal funds were removed from projects. The exchange program provides an opportunity for

regional agencies to "swap" out their federal funds in exchange for state funds at a discounted rate.

- "40-40-20" program. Additional funds realized in fiscal years 2001/2002 through 2005/2006 will be distributed 40% STIP, 40% cities and counties, 20% Public Transit Authorities (PTAs). These funds will be used to augment STIP programming capacity, provide additional funds to cities and counties to address their local maintenance and rehab needs, and augment PTA capacity for additional capital improvements and to additional funding for operational needs.

The Department, in its role to deliver the 141 specific projects identified in legislation, has taken the following steps to facilitate the implementation of projects. The actions are as identified as follows:

A. Implemented Improvements

The Department has a stated goal to use the Traffic Congestion Relief Program (TCR Program) as a showcase for project delivery and a laboratory for testing and proving the viability of new efficiencies. Streamlining and accelerating existing processes – from project approval, to project development, to project implementation – is key for the success of the TCR Program.

1) Expedited TCR Applications and Allocations

The Department's commitment to these goals is reflected in the implementing guidelines for the TCR Program. These guidelines, developed jointly with the California Transportation Commission (CTC), include specific requirements in regards to reducing the time allotted for the review and approval of applications and allocations, thus decreasing administrative time and increasing the potential of applicant agencies (including the Department) to deliver their projects faster.

Key elements incorporated into the guidelines to achieve the goals include:

- Commitment to review and approve project applications within 45 days rather the 90 days prescribed by the implementing legislation, AB 2928.
- Delegation of most allocation actions to the Department, who will approve and process those requests within 14 days of a request. This includes right of way and capital outlay once the CTC has considered and acted on any environmental documents.

- For those delegations requiring CTC action; commitment to approve project allocation requests concurrently with an application if requested or within 21 days if they requested independently of an application and requiring Commission action

Applying the timeframes used in the guidelines (compared to those specified in AB 2928) and maximizing the utilization of delegated authority greatly reduces the time to get application and allocations considered for approval by the CTC. The time in administrative processing is reduced from a maximum of 130 days (100 days for the applications plus 30 days for an allocation) to a maximum of 60 days (45 days for application plus 15 days for delegated allocations). Applicant agencies may be able to take advantage of this potential time saving to accelerate project delivery and/or maximize other opportunities can be associated with rapid approval of their projects.

Additional efforts undertaken to streamline the TCR Program include:

2) Early Review of TCR Applications

To further expedite the TCR projects, project applications were reviewed concurrent with the drafting of the guidelines. Rather than waiting for the adoption of the guidelines before allowing agencies to proceed with the preparation of their applications, allowed agencies to draft applications concurrently with the guidelines. As a result, more than 30 project applications were approved the same day the guidelines were adopted by the CTC

in September 2000. It was originally anticipated that the first applications would not have been approved until January 2001.

3) Department Project Manager

A Department project manager or project coordinator has been assigned to every TCRP project. He/she acts as the Department's point of contact for the project. The project manager/coordinator's role is to ensure the appropriate project is implemented and to facilitate project delivery.

4) Master Agreements for TCR Mass Transportation Projects

Upon approval of project allocations to local or regional agencies, a "cooperative" agreement is needed to effect the transfer of funds and to further define project responsibilities. Preparation of draft cooperative agreements utilized existing processes and procedures modified for the TCRP, rather than creating a new administrative burden specific to the TCRP.

This prompted the revision of the Mass Transportation fund transfer agreement process to a Master Agreement/Program Supplement procedure consistent with the procedure used by Local Assistance, thus reducing overall administrative time associated with the agreement process for all Mass Transportation Projects, including TCRP projects.

5) Expediting Payments to Local Agencies

Key elements implemented to achieve this goal included:

- Accelerated the implementation of electronic fund transfers for invoice payments to local and regional agencies. This process is being implemented for all project, not just TCRP.
- Statutes provided the opportunity for advance payments to local and regional agencies. Maximized use of the advance payment concept to provide agencies with working capital, thus avoiding potential cash flow delays caused by current payment practices not necessarily in the control of the department (i.e. payments by the State Controllers Office).
- A unit was established within the Caltrans Accounting dedicated to processing TCRP invoices and working with the State Controllers Office to get timely payment to local agencies.

B. Recently Implemented Improvements

- The Department has been delegated STIP allocation authority by the CTC for TCRP project utilizing STIP funds. Many TCRP Projects utilize other fund sources,

including STIP funding. STIP funding takes between 30-60 days to get a vote from the CTC. For those projects that utilize STIP and TCRP funding, the advantages of the delegated authority for TCRP funds are lost. As a result, the CTC has granted authority to the Department to make STIP allocations for any project that is on a six-month look-ahead list previously approved by the Commission.

- Department and CTC staffs have been provided delegated authority to approve minor amendments changes to approved project applications. These changes relate to project scope, cost and schedule changes. Changes deemed to be major as defined by CTC Resolution 01-23 are subject to the approval by the Commission.
- To streamline and minimize paperwork, minor amendment requests may be made concurrently with the required bi-annual progress reports submitted each April 1 and October 1.

Additionally, the TCR Program will continue to seek opportunities with other Programs within the Department to provide a testing ground for new and streamlined processes and procedures. The very nature of the TCR Program, with its high visibility and priority nature, provides a catalyst for streamlining where possible and practicable.

For additional information, contact Debbie Mah at (916) 653-2052.

V. Budgets

A. Implemented Improvements

1) Streamlining the Federal Authorization Process

Since the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, the Department has in cooperation with FHWA been making incremental changes to streamline the federal authorization process. The single biggest change has been the stewardship agreements signed in 1992 delegating to the Department the authority to authorize many projects for federal funding. This alone has eliminated approximately 2 weeks of federal review time. Shortly after the stewardship agreements were signed, the Department implemented an electronic transmittal of information to FHWA allowing a 2 to 3 day savings in mail time. Most recently the authorization documents and the federal aid project agreement have been combined allowing federal reimbursements to begin earlier. Federal law requires each project receiving federal funds to be included in the Federal State Transportation Improvement Program (FSTIP). FHWA however allows entries into the FSTIP by category of work thereby creating a lump sum entry in the Federal Transportation Improvement Program (FTIP). With the recent expansion of lump sums in the FSTIP, over 98% of the federal eligible project in the SHOPP fall under the lump sum entries. The use of lump sums does not extend to the STIP. Projects

covered under the lump sum in some cases can be federally authorized 1 to 2 months earlier than they would have been if an amendment to the FTIP had been required.

(Addresses AB 1012 recommendation.)

B. Proposed Improvements

1) Soft Match Pilot Program

Discussions are currently underway with FHWA to implement a pilot soft match program. If implemented the federal share on projects will be increased from 88+% to 100%. Other projects will receive 100% state funding eliminating the federal requirements for those projects resulting in a yet to be determined timesavings to bring some projects to construction.

For additional information, contact Dick Petrie at (916) 654-3043.

VI. Transportation Planning

A. Implemented Improvements

1) Establishment of the Project Study Report – Project Development Support

The Department and the CTC have established and adopted new guidelines for an expedited Project Study Report (PSR) entitled the Project Study Report – Project Development Support (PSR-PDS). The PSR-PDS meets the needs of both SB 45 and AB 1012 by allowing projects to be programmed by component and by expediting the PSR process. The traditional PSR required that the scope, cost and schedule of the entire project be determined and set within the document. This lent itself to cost and schedule delays and scope changes. The new PSR-PDS recognizes that until the environmental studies have been completed, the preferred project alignment and specific project features cannot accurately be determined. The PSR-PDS programs support cost only through Project Approval and Environmental Document phase (PA&ED) with a ballpark figure given for the total project cost. The PSR-PDS in conjunction with Project Change Control (see Sections IX. Project Management and X. Design) encourages that all information and studies that are required to make a good project selection are known up front, prior to programming the project through construction.

2) Early Environmental Efforts/Geographic Information Systems

Early environmental scan efforts also assist in speeding project delivery by early identification at the system planning and Regional Transportation Plan (RTP) level of "fatal flaw" alternatives or locations for environmental purposes or community resistance. (See also Section VIII. Environmental.)

The Department has several new Geographic Information System (GIS) environmental scan efforts for early identification of protected species and other environmental factors. In both system and regional planning, alternatives with major environmental implications are identified early on and evaluated for proceeding/not proceeding with an alternative or alignment.

The Department has also developed a GIS tool to display planned and programmed projects. The California Transportation Investment System GIS tool provides a comprehensive inventory of projects (highway, local, rail, airport, bicycle, pedestrian, and transit) planned by State and regional agencies over the next 20 years. This sketch level GIS tool is intended to inform and improve decision making by assisting the Department and regional planning agencies in identifying planned improvements on the transportation system and opportunities for improved timing and coordination of projects.

It is also recognized that these efforts will need to be done in concert with the much needed GIS efforts of the resource agencies and transit operators.

(Addresses AB 1012 recommendation.)

For additional information, contact Helen Rainwater at (916) 653-1965.

VII. Transportation Programming

A. Implemented Improvements

1) Delegated Authority

The Division of Transportation Programming is actively pursuing enhancing/expanding its delegated authority by the CTC to take actions that will accelerate project delivery. The Department (Transportation Programming) has delegated authority over the Safety and Rehabilitation categories of the State Highway Operations and Protection Program (SHOPP). This delegated authority has to date accelerated 144 projects for a total time saving of 3,632 days. This delegation expired on March 31, 2001, but was renewed for two years at the March 28/29 2001 CTC meeting.

(Addresses AB 1012 recommendation.)

2) Improved Scoping and Scheduling

The Division of Transportation Programming in coordination with FHA and Federal Transit Administration (FTA) has developed guidelines and criteria for the use of Administrative Amendments and Line Items in the FSTIP. The Division of Transportation Programming also trains Local Agency staff in the appropriate use of

these two strategies to help streamline/accelerate project delivery. (For further information, also see section IV. Budgets.)

3) New Developments in Information Technology

The Division of Transportation Programming improved its existing programming database to serve as a multi-agency joint use project database system. This revised system is the California Transportation Improvement Program System (CTIPS), and contains project listings for the STIP, SHOPP, and the FSTIP. The use of this tool and the advancements in Information Technology will greatly improve the ability for the Department, FHA, FTA and local agencies to plan, program and monitor their projects. This system and its proposed future improvement will enhance efficiency and assist in streamlining the entire programming process resulting in enhanced program/project delivery.

B. Proposed Improvements

1) Increased Delegation

With the proven success of the delegated authority for the SHOPP, the Division of Transportation Programming will continue to propose to the CTC new delegations of authority pertaining to the STIP. The initial request will be for CTC delegation for approval of allocations of programmed STIP funds for the Governor's Transportation

Congestion Relief Program (TCRP) Projects. Currently the CTC has delegated to the Department the authority to approve TCRP project allocations as long as the project scope and funding is consistent with the application approved by the CTC. Under the existing process the CTC must vote any STIP funds programmed for use on the TCRP projects. The proposed delegation would authorize the Department to allocate programmed STIP funds for the TCRP projects, and would save 30 to 60 days in the process.

(Addresses AB 1012 recommendation.)

2) Enhanced Information Technology

The Division of Transportation Programming will continue to improve its web site to insure the availability of real-time programming information. The site includes the adopted STIP, and approved SHOPP, CTC Agendas, Meeting Book Items, and Action Taken Reports. Updating the website will enhance its operation, and insure that is a user friendly and efficient programming information tool, which enhances program/project delivery.

(Addresses AB 1012 recommendation.)

For additional information, contact Gene Murtey at (916) 654-2503.

VIII. Project Management

A. Implemented Improvements

1) Project Change Control

Change control is focused on keeping projects on schedule by reducing changes after PA&ED has been achieved. This is accomplished by determining what controlling "work package" could cause significant scope changes and developing a project schedule that completes the controlling work package at the earliest reasonable opportunity. Implementation will increase workload earlier in the project lifecycle, but will result in a reduction of rework and increased probability of project success after PA&ED. Guidance on Change Control is available at:

<http://www.dot.ca.gov/hq/oppd/design/m072800.htm>.

(Addresses AB 1012 recommendation.)

2) Project Charter Policy

A charter documents the agreement between project sponsor and the project manager over the key elements of a project. It helps the project manager guide the project team

efficiently through the project development process. It is the first project management document in the suite of project management plans used to identify and control a project's scope, schedule and budget. It is also used to identify and control customer satisfaction requirements. The charter process is intended to help manage project scope and is intended to reduce rework by eliminating unnecessary scope changes. Included with the charter policy is a tool called the Innovative Checklist. Checklist is intended as a resource for project managers and teams to identify innovative practices that they can apply to their project. The charter policy was adopted on February 5, 2001 and is available at:

http://onramp.dot.ca.gov/hq/pkpweb/project_office/ProcessGuidanceDirectives/GuidanceDirectivesHome.htm.

(Addresses AB 1012 recommendation.)

3) Capital Project Skill Development Plan

The Capital Project Skill Development (CPSD) plan will provide the Department capital project staff with the knowledge and skills needed to produce their deliverables. The CPSD plan was developed and is managed by a team that includes representatives from the Divisions of:

- Construction
- Design

- Engineering Services
- Environmental
- Project Management
- Right of Way
- Traffic Operations

These divisions are responsible to develop and provide technical training to the nearly 11,000 capital project staff statewide. In addition, CPSD provides discretionary training funds to the districts for securing courses in software, soft skills, and management. Districts throughout the state have been provided the resources and are responsible to ensure student participation in this training. The annual goal is to provide over 600,000 hours of student time. Additional information and an on-line course catalog for CPSD is available at: http://10.160.180.1/cpsd/cpsd_home.htm.

(Addresses AB 1012 recommendation.)

4) Use of flexible resources to deliver projects

With the passage of Proposition 35 in November 2000, the Department has increased its effort to engage consultant resources in the delivery of Capital Projects. Consultant Services units are implemented in every district and region. The Department is using on-call contracts to alleviate delivery bottlenecks and project-specific contracts to augment

project delivery efforts. Additional information about consultant services unit is available at:

http://onramp.dot.ca.gov/hq/pmpweb/projects_office/ProcessGuidance Directives/PM MemosDirectives?PMD008.pdf.

(Addresses AB 1012 recommendation.)

5) Revised Milestone Standard

In order to better plan and monitor the progress of all STIP and SHOPP projects during the environmental phase, two new milestones were introduced to the Department's Work Breakdown Structure (WBS). These milestones are Notice of Preparation (NOP) for the Environmental Information Report (EIR) documents under the California Environmental Quality Act (CEQA) and Notice of Intent (NOI) for Environmental Information Statement (EIS) documents under the National Environmental Policy Act (NEPA). In addition to the reporting requirement to the CTC, the Division of Project Management will also be monitoring other internal milestones during PA&ED on a quarterly basis.

Additional guidance available at:

http://onramp.dot.ca.gov/hq/pmpweb/projects_office/ProcessGuidance Directives/PM MemosDirectives/RevisedCapitalProject MilestoneStandards.pdf.

6) Project Management Professional certification

The Project Management Professional (PMP) certification is an industry standard credential for project managers. Certification ensures that project managers understand the foundations, terminology and processes in project management. The Division of Project Management supports project managers in pursuit of certification by providing training and streamlining the application process. Additional guidance is available at: http://onramp.dot.ca.gov/hq/pmpweb/projects_office/ProcessGuidanceDirectives/PM_MemosDirectives/PMCert6_99.pdf

B. Proposed Improvements

1) Scope Quality Evaluation Tool

The Scope Quality Evaluation Tool is a communication tool for managing and evaluating customer satisfaction with project scope is being evaluated on a pilot basis in District 6. The benefit of this tool is continuous communication and documentation of customer satisfaction with project scope throughout the project development process. If deemed a success after the pilot, implementation statewide can be expected. The pilot began July 2001.

2) Project Resource and Schedule Management

Project Resource and Schedule Management (PRSM) is an Enterprise Project Management Tool that will provide scheduling and timesheet capabilities for capital outlay support. The scheduler will be used to manage over 3,000 state highway projects and provide resource management for over 11,000 capital outlay support staff. PRSM will replace the eXpert Project Manager (XPM) system, which is currently the standard scheduling system used by the Department. The PRSM timesheet application will replace TRS for capital employees and will provide timely access to project status data and will record project effort using an employees actual hours charged. The tool will accelerate project delivery by providing functional and project managers with a more effective management tool. It will improve the ability to access data for both program and project management. The tool will accelerate project delivery by providing functional and project managers with a more effective management tool. It will improve the ability to access data for both program and project management. Additional information is available at the PRSM intranet site <http://projdel/pm/pmip/148home.asp>.

3) Development and Use of Risk Management Plans for Capital Projects

Project risk management is the systematic process of identifying, analyzing, and responding to project risk. Risk management training is currently being delivered to project and functional managers across the state. At the same time, the Statewide Project Management Improvement Team is working to finalize guidelines for risk management plans. The guideline will expand beyond the earlier Change Control policy. Project

Management Coordinators from corporate are working in cooperation with the Single Focal Points and project managers to begin the application of risk management planning to a select group of project. The goal is to have plans completed on at-risk project by the end of calendar year 2002.

For additional information, contact Rick Guevel at (916) 416-3724.

IX. Design

A. Implemented Improvements

1) Cycle Time Reduction Teams

Final plans, specifications and estimate (PS&E) packages have tended to grow in volume and complexity, resulting in even the simplest projects having complex PS&E's. Three design teams have been charged with identifying potential efficiencies in the Department's design process that have the potential to save significant staff time and support costs for dozens of projects statewide. Examples included:

- Reducing the number of plan sheets on simpler projects.
- Relying more heavily on specifications and quantity charts rather than plans.
- Minimizing or eliminating field surveys for certain simpler projects.

2) Reengineering the Project Development Process

Three pilot teams are implementing the "reengineered" process, producing SHOPP Projects that focuses on three key elements:

- Utilizing multifunctional work teams responsible for the project from inception through construction,
- Allocating funding on a program level, rather than project by project, based on a performance- based long term preservation plan, and
- Advertising and awarding construction contracts on a corridor or geographical basis, with individual projects being let on a task order basis.

(Addresses AB 1012 recommendation.)

3) Increase Accountability for Cooperative Agreements

A Cooperative Agreement is a formal, legally binding contract between the State of California and a city, county, or other public non-State entity (e.g., Authority, RTPA, MPO, Federal Agency) whereby the parties to the agreement agree to either share or cooperate in a project. The Department initiates approximately 450 agreements per year. To improve the delivery of these agreements the Design Division Chief has established pre-approved forms to expedite approval of the agreement and is collecting information to monitor the progress of the agreements within the Department. The pre-approved forms are on the World Wide Web at <http://www.dot.ca.gov/hq/oppd/coop/cooptoc.html>. The District Co-op Coordinator should be contacted for additional guidance. The pre-approved forms address common combinations of project type, responsibilities and funding among other issues and have been reviewed by the pertinent functional units so that if not changed, the Department's approval is immediate. If pre-approved forms are

not used, the approval time stretches out to several months. In addition, the Design Division Chief has established, as a performance measure that 80% of all cooperative agreements received in HQ will be returned to the districts within two working days. The Division Chief is working with the districts to establish a similar performance measure for subsequent fiscal years and for the districts.

4) Lump Sum Highway Planting Project

Districts 8 and 11 have produced three lump sum highway planting projects. These projects consist of one bid for planting and one bid for irrigation work thus creating time savings in the production of the estimate. All three projects are under construction and will be evaluated.

5) Caltrans Quality in Design 2000

The Division of Design initiated the Department's Quality in Design 2000. The program's purpose is to build a culture that will lead to production of projects that are on time, within budget and schedule, and high quality standards. A high quality project is one that is safe for motorists, construction and maintenance workers, meets the need as stated by the project's sponsors, and is efficient. It minimizes the impact to its environment, conforms to cost, scope and schedule as promised, and is substantially biddable and buildable as designed. To implement the program throughout the Department, wall calendars, posters, and talking points were prepared. Wall calendars

featured new quality themes every two months. Posters echoed the same two-month theme for work areas. Talking points were discussion elements provided to supervisors to be discussed at design squad meetings. It is expected that the program raise the awareness of design squads to scope a project as intended by the stakeholders, design it as scoped by the project development team, and build it as designed. It should minimize the potential for scope creep.

6) Design Sequencing

Assembly Bill 405 (Knox), Chapter 378, Streets and Highway Code – Section 217, authorized the Department to conduct a pilot program to use design-sequencing contracts, for the design and construction of no more than six transportation projects, to be selected by the Director. Assembly Bill 2607 (Knox), Chapter 340, Streets and Highway Code - Section 217, increased the number of transportation projects permissible in the pilot program to twelve.

The Department is currently piloting projects utilizing “Design Sequencing.” Design sequencing is a method of contracting that enables the sequencing of design activities to permit each construction phase to commence when design for that phase is complete, instead of requiring design for the entire project to be completed before beginning construction. With design sequencing, there is a potential for faster performance, cost savings, and earlier delivery of the project to the public. It is anticipated that time

savings resulting from design sequencing will range from several months to one year or more.

(Addresses AB 1012 recommendation.)

7) Project Change Control

As discussed in section IX, Project Management, the Department has implemented "change control" techniques. Change control is focused on keeping projects on schedule by reducing design changes after PA&ED has been achieved. These changes can result in significant delays especially if they impact right of way requirements or environmental approval. This is accomplished by (1) establishing change control teams to coordinate project lock-in process to manage scope changes after PA&ED, (2) determining what controlling "work packages" could cause significant scope changes and developing project schedules that complete these controlling work packages at the earliest opportunity, and (3) use of a PSR-PDS document, which is used as a basis for programming of the PA&ED support, on all projects requiring an environmental document (non-CE). Upon completion of the PA&ED support programmed with the PSR-PDS document, the remaining support components and right-of-way and construction capital can be programmed with a greater level of confidence and lower risk.

(Addresses AB 1012 recommendations.)

B. Proposed Improvements

1) CADD Software for Landscaping Projects

The CAICE software provider and the CADD Unit are working with Landscape Architecture to develop software that will calculate landscape quantities, calculate pipe sizes and assist in the irrigation design. Pilot product should be ready in early summer.

2) Landscape Architecture Standards Manual

A Standards Manual for landscaping projects is being developed to work like a cookbook for the landscape architects doing design work. It will have all elements of a project from the planning to the final PS&E including memos of instruction or policies.

For additional information, contact Linda Fong at (916) 653-8559.

X. Environmental

A. Implemented Improvements

1) Improved Scoping and Scheduling

The Department has and is continuing to develop tools to inform the planning process of environmental concerns. Project delivery can be hampered when the environmental phase of the project is not properly scoped prior to programming, which often leads to an unrealistic schedule and unanticipated costs and delays. The Division of Environmental Analysis has developed and deployed a GIS-based computer application to provide preliminary information of mapped environmental resources to planners for the development of transportation plans and to support Project Initiation Documents. The system allows the user to define the limits of a transportation project and overlay views of previously mapped environmental resources that must be addressed during the environmental process. While by no means a substitute for detailed investigations, the tool provides an early warning of environmental constraints and issues, allowing the planners to avoid the resources, if possible, but also to better anticipate the scope, costs, and schedule for the eventual environmental studies, coordination with resource and permitting agencies, and mitigation of impacts.

Second, to augment the physiographic and resource data in the GIS tool, which primarily comes from other agencies' inventories, the Department is conducting its own inventories to document cultural and biological resources within Caltrans rights-of-way. Using Transportation Enhancement Activities (TEA) funds, the Department is conducting roadside archaeological inventories in Districts 2, 5, and 9 (almost complete); District 10 (soon to start); and Districts 4 and 11 (next fiscal year). The Department is also assembling a data base of biological resources in the right-of-way that is based on prior biological surveys. The more detailed data from these surveys will augment the broad-based GIS planning tool, and facilitate the scoping and scheduling of projects on existing routes.

2) Organizational Change

In January 2001, the Division of Environmental Analysis, formerly under the Deputy Director for Planning, was moved under the Deputy Director for Project Delivery. This organizational change will facilitate project delivery and environmental streamlining, because the key functions during the life cycle of a project are now aligned under one Deputy Director.

3) Tri-Agency Partnership Agreement

The Resources Agency, the California Environmental Protection Agency, and the Business, Transportation, and Housing Agency have entered into a partnering agreement

whereby the agency secretaries have committed to work together to achieve a number of mutually beneficial goals. Among the goals are to streamline the provision of transportation projects without compromising the environmental process; identify and share information on transportation and environmental resource priorities to develop projects which can meet both the objective of improving mobility while also improving the quality of the environment; ensure interagency collaboration as early as possible in project planning and development. These goals are being met through a number of commitments: the agency secretaries serve as a steering committee, which meets quarterly to chart the progress of an upper management working group and a number of teams addressing specific initiatives.

(Addresses AB 1012 recommendation.)

4) “Mare Island Agreement”

As a result of one of the Department/FHWA partnering initiatives, the Department, the FHWA and the Environmental Protection Agency (EPA) entered into a formal partnering agreement in July 2000, in which they committed to the following actions: quarterly meetings of senior management, shared training and outreach, rotational assignments among agencies, reconvene NEPA/404 integration group, provision of staff to resource agencies, proposed pilot study to integrate planning and project, and joint development of guidance. The Partnership Principals and middle managers are meeting quarterly to track and report on the status of the initiatives and to discuss emerging problems, issues,

opportunities and agency priorities. This has resulted in improved interagency relationships as well as providing opportunities to gain a better understanding of each agency's mandates and challenges.

(Addresses AB 1012 recommendation.)

5) Resource Agency Partnering Agreements

Through a FY 2000 Finance Letter, the Department received an allocation to fund about 21 positions in federal and state resource agencies, to handle priority work within the transportation program. Contracting delays and difficulties establishing and filling positions contributed to a slow start to this program, but 14 positions are now filled, and agencies are actively recruiting to fill the remaining positions. The Department is executing Memoranda of Understanding (MOUs) with these agencies that outline the coordination and review processes and performance measures for this new partnering program. In addition, we are providing each agency with a list of priority projects, to help them manage their workload and establish priorities for staff time. Quarterly coordination meetings with the agencies will provide a forum for the Department and the agency staff to improve consultation and review procedures. Over the next year, the Department will be monitoring agency performance and assessing the need for additional positions, based on current and anticipated workload as well as the ability of the agencies to fill additional positions, if available.

(Addresses AB 1012 recommendation.)

6) Agency Liaison Positions

In addition to providing funding for staff in resource agencies, the Department has created two in-house agency liaison positions, one for the ACOE in San Francisco, and another for the California Coastal Commission. These Department employees help to facilitate agency review of transportation projects, and also provide guidance to Department staff regarding the agencies' information needs. This approach has been quite successful, and the Department is considering establishing such liaison positions for other agencies.

7) Programmatic Agreements with Resource Agencies

Many environmental regulatory processes allow consultation or permitting on a programmatic basis. Depending on the process and resource type, programmatic approaches can be used for similar types of projects (e.g., the Programmatic CE described below); for similar projects/impacts on particular species (e.g., Programmatic Section 7 consultation under the Federal Endangered Species Act); or to substitute alternative procedures for those specified in regulation (e.g., Programmatic Agreement {PA} for Section 106 of the National Historic Preservation Act). In all cases, negotiation of Programmatic Agreements requires substantial initial effort by the Department, the FHWA, and the regulatory agency. However, this investment has the potential to

substantially streamline future project-level consultations, as well as to improve the accuracy of project schedules and estimates because the agreements typically specify study protocols and/or mitigation methodologies.

The Department has received a Programmatic Biological Opinion (Section 7) for the Valley Elderberry Longhorn Beetle; final agreements for salmon species, the coastal red-legged frog, and the San Joaquin Kit Fox are imminent. Additional programmatics are under consideration for the Sierra red-legged frog; various species on the north coast (e.g., marbled murrelet); and southern California species in the coastal sage scrub community. For historic and archaeological resources, Department staff is developing a Programmatic Agreement for Section 106, in consultation with FHWA and the State Office of Historic Preservation (SHPO). Execution of this PA (anticipated in 2001) will streamline the Section 106 process by reducing the number of individual consultations with the SHPO. The Department will continue to seek opportunities to use programmatic approaches, where the long-term benefits would outweigh the initial cost of developing the agreement.

(Addresses AB 1012 recommendation.)

8) Mitigation Banking and Process Improvements

Mitigation banking, which involves the purchase of bank "credits" from the bank creator, can help to streamline project delivery by enabling more accurate estimates of mitigation

costs, by reducing the time needed for resource agency consultation about appropriate mitigation sites, and by moving the mitigation parcel acquisition process off the critical path for a proposed project. A Mitigation Process Improvement Team has identified changes in Department policies and procedures that would simplify the Department participation in mitigation banks, and made recommendations to facilitate long-range mitigation planning and development of mitigation cost estimates. The Team's report is currently under review, and implementation of adopted recommendations is anticipated over the next fiscal year.

In addition to the mitigation banking effort, Budget Change Proposal #10 for fiscal year 2001 provided resources for three years to determine the effectiveness of the Department's biological mitigation process. The project will produce a statewide catalogue of current projects, including monitoring commitments and lessons learned. The information developed in this study will aid project delivery by providing feedback to staff about the costs, successes and failures of mitigation efforts, which will help to inform future mitigation strategies and will aid the development of mitigation cost estimates.

(Addresses AB 1012 recommendations.)

9) EIS Review Process Improvement

In an effort to improve the quality of NEPA documents and to facilitate the delegation of EIS approval from FHWA Region 9 to the FHWA California Division, in 1998 the Department and FHWA developed a process of concurrent review of EISs. (This process pre-dated the reorganization of FHWA in which regional offices were eliminated and four nationwide resource centers were created, and the approval authority previously held by the regional offices was delegated to division offices.) The process also served as a means for the Department to review and comment on the quality of district environmental documents, a step that had been eliminated in 1988 when the authority to approve environmental documents was delegated to the districts. The process is being reexamined to identify additional improvements.

10) Ombudsman for Environmental Streamlining

In March 2001, the Governor created a new position to act as an ombudsman for environmental streamlining opportunities, particularly with state and federal permitting agencies. The ombudsman also shall identify opportunities to improve internal processes to facilitate communications among parties in the environmental review and to monitor environmental compliance as part of project delivery.

11) Coast Highway Management Plan, Big Sur Coast

Under an interagency agreement, initiated in April 1999, the Department and the California Coastal Commission have agreed to jointly develop a management plan for the Big Sur Coast which includes the following goals: provide a coordinated approach to maintaining the Route 1 corridor along the Big Sur Coast; streamline interagency coordination and regulatory approvals for transportation projects associated with Route 1; serve as a means of coordination with public agencies that manage natural and recreational resources, such as State Parks, Los Padres National Forest, and Monterey Bay National Marine Sanctuary that adjoin Route 1. The Department has funded a position with the Coastal Commission to prepare or assist in preparing portions of the management plan addressing coastal shoreline access, visual resources, land uses, and other pertinent issues.

(Addresses AB 1012 recommendation.)

B. Proposed Improvements

1) Improved Scoping and Scheduling

The Department is in the initial stages of developing a desktop GIS tool that will retrieve environmental data specifically for the PSR. This project expands on the GIS scoping

tool mentioned above to simplify user interface, deploy the system on the web, reach consensus among resource agencies as to which data sets shall be employed, and provide a greater level of detail than the current scoping tool. The system will allow efficient, accurate identification of known environmental resource locations at the time of project programming. It will also increase environmental resource and regulatory agency confidence in the Department as demonstrated by consistent identification of resources of concern early in the process. Access to good quality environmental data at the PSR stage is crucial to accurate development of project cost, scope and schedule. Poor quality information in the PSR can result in inadequate or inaccurate understanding of environmental resources of concern in the project area at a critical time in project development. Later in the project development process, opportunities for project redesign for avoidance become fewer. Conflict with environmental resource and regulatory agencies can also increase as a result.

The goal of this study is to design a desktop tool to retrieve environmental data in a logical format that can be used by a variety of individuals in the planning, programming and development of a transportation project. It can also help the environmental specialist access data for the environmental document and assist local agencies in scoping their transportation projects using a regional frame of reference. Data sets to be used will be identified in coordination with State and Federal environmental resource and regulatory agencies.

2) Proposed Multi-Agency Working Group to Address Assessment of Cumulative Impacts

Cumulative impact is defined as the impact on the environment, which results from the incremental impact of the project when added to other past, present, and reasonably foreseeable future actions, regardless of what agency or person undertakes them. Cumulative analysis is a requirement of NEPA, CEQA, and the Endangered Species Act; definitions do not match from one set of regulations to the next. In California, with steadily increasing population leading to fragmented and shrinking habitat, this analysis has become both increasingly important and increasingly contentious over the last few years. There is neither agreement among agencies on what constitutes reasonable analysis nor is there mutual understanding of agency mission, jurisdiction, and requirements. Transportation projects proposed to be implemented in areas that are also experiencing growth are now frequently the subject of interagency dispute on the appropriate depth and extent of analysis, and responsibility of the transportation improvement for the impacts and mitigation costs of growth, habitat destruction, and endangered species loss. Project delivery delay is a common result.

The Department is currently embarking on an interagency effort to increase mutual understanding of agency mission, jurisdiction, definitions and requirements as they relate to cumulative impact analysis. Key players include the Department, EPA, FWS, NMFS, and local land use and transportation agencies. Consensus will also be sought on the appropriate level of analysis, and impact and mitigation responsibilities of land use

development projects and transportation projects. A long-term goal is to develop a routine, mutually acceptable approach to cumulative impact analysis. Together, these measures are designed to increase predictability of resource agency response to the analysis, improve delivery planning, and streamline project delivery.

(Addresses AB 1012 recommendation.)

3) Standard Formats for Environmental Documents

Department staff from Headquarters, Central Region, and North Region has formed a team to develop standardized formats for environmental documents. This effort serves a number of purposes: to facilitate electronic publication of environmental documents on the internet to maximize public dissemination; to provide the State Clearinghouse with electronic versions of the documents; to facilitate reviews by state and federal resource and regulatory agencies by providing a consistent format; to promote statewide consistency within the Department in preparing the documents, and to provide statewide consistency in direction to consultants preparing environmental documents. The Department believes that standardized documents will expedite project review and approval since the review agencies will become familiar with the format and know where to expect certain types of information. In addition, a standardized format will improve the organization of environmental documents, allowing context, impacts, and mitigation of each issue to be addressed in one section, and decreasing the amount of internal contradictions resulting from issues being discussed in a number of sections.

(Addresses AB 1012 recommendation.)

4) Renegotiation of NEPA/404 Integration Process MOU

In 1994, the Department, the FHWA, the FTA, the U.S. Army Corps of Engineers (ACOE), the U.S. Environmental Protection Agency (EPA), the U.S. Fish and Wildlife Service (USFWS), and the National Marine Fisheries Service (NMFS) executed a Memorandum of Understanding regarding integration of NEPA and procedures for implementation of Section 404 of the Clean Water Act. Due to changes in the ACOE's Nationwide Permit Program (NWP), which went into effect last year, as well as organizational changes within FHWA, the signatory agencies agreed in August 2000 to revise the MOU. The primary purpose of the integration process is to enable the ACOE to fulfill its NEPA responsibilities for its Section 404 permit action concurrently with the FHWA/Department NEPA process, through early consultation on project need and purpose, alternatives, and the least environmentally damaging practicable alternative. A working group comprising of representatives of all agencies has been meeting at least monthly since then to update and revise the MOU, and a final agreement is anticipated this fiscal year.

(Addresses AB 1012 recommendation.)

5) Revision of FHWA/FTA's regulations to implement NEPA and FHWA's technical advisory on the preparation of NEPA documents and Section 4(f) Evaluations

In May 2000, United States Department of Transportation (USDOT) published a Notice of Proposed Rulemaking in the Federal Register to solicit comments on its proposed revisions to 23 Code of Federal Regulations (CFR) 771 and the counterpart FTA regulations to implement NEPA. The Department commented on that proposal as well as proposals published simultaneously to revise the transportation planning regulations and regulations regarding intelligent transportation systems. Congress withdrew the proposed regulations in September 2000 pending their revision to incorporate enhanced streamlining principles. The Department shall comment on the new proposed regulations when they are noticed. In the meantime, FHWA is continuing its effort to revise Technical Advisory T6640-8A on the preparation of NEPA documents and Section 4(f) Evaluations. The Department is proactively working with the group of FHWA staff engaged in this effort and commenting on the revision.

6) Disposal Site Quality Team

The Disposal Site Quality Team was formed in July 2000 to address the Department and FHWA policies on disposal sites. There has been controversy regarding responsibility for compliance with CEQA, NEPA, and other state and federal regulations that may apply to these areas during the project development process and throughout construction. Some resource agencies are requiring identification and environmental "clearance" of

disposal sites prior to issuance of permits or other agreements, such as biological opinions for sensitive species impacts, causing interagency conflicts, project delays, and unnecessary expenditures of time and money. The team will develop recommendations for changes in policy to clarify responsibility for compliance with environmental requirements pertaining to disposal sites.

7) Standard Environmental Reference

The Department is developing a Standard Environmental Reference (SER) for federal and state requirements for use by the Department, and for federal-aid projects, by local agencies. The project is the result of a recommendation of a process improvement team examining means to improve local agency transportation project delivery; however, it shall be used by Department staff as the guidance for preparing and processing its own environmental documentation. An interagency team represented by the FHWA, the Department, local agencies, and environmental consultants has developed the SER. The reference is scheduled for publication in modules beginning in June 2001. It will provide guidance on the preparation of environmental documents to comply with NEPA, CEQA and other environmental laws, regulations, and Executive Orders, and link the user, via the Internet, to sites containing more detailed guidance as well as the text of code sections. The reference will also link users to detailed guidance on the preparation of the technical reports, which support the environmental documents. The intent of the SER is to ensure that State and local agency projects comply with the federal requirements in a

consistent manner and to serve as an education tool, especially to assist local agencies what to request in consultant scopes of work.

8) Programmatic Categorical Exclusion

FHWA regulations to implement NEPA (23 CFR 771) include a list of project types determined normally to have no significant environmental impact, but which require FHWA verification that the particular project meets the exclusion criteria. Since 1990, the Department and FHWA have had an agreement, which defines a set of conditions for programmatic processing of certain NEPA categorical exclusions. The agreement allows programmatic processing when the project does not involve a number of issues, which require compliance with separate federal laws, such as Section 106 of the National Historic Preservation Act, Section 7 of the Endangered Species Act, Section 404 of the Clean Water Act, or Section 4(f) of the Department of Transportation Act. “Programmatic CEs” require the same documentation as a regular categorical exclusion but do not require review and approval by FHWA staff. Several years ago, the Department and FHWA had been unsuccessful in renegotiating a new agreement to include a broader range of projects, but now are entering into a new set of negotiations to update and expand the programmatic approach.

For additional information, contact Denise O'Connor at (916) 653-5157.

XI. Right of Way

A. Implemented Improvements

1) One-Call Acquisition

Right of Way implemented a One-Call Acquisition Process, which allows a Right of Way Agent to issue a Draft Purchase Order (DPO) (check) on the first call for low value parcels (\$2,500 or less) and conclude the acquisition transaction on the spot with immediate payment. This process was developed in conjunction with Accounting, Audits, Right of Way, Department of Finance, and Board of Control. This allowed immediate payment to the property owner where the normal payment process could take at least one month. This not only improved customer service, but also reduced the number of field trips by the Right of Way Agent.

2) Single Agent Appraise/Acquire Process

Implemented a Single Agent Appraise/Acquire Process which permits a single Right of Way Agent to appraise, acquire and pay for the relocation of personal property on parcels that are valued at \$10,000 or less. Prior to receiving a policy exception from FHWA, the property owner had to work with three different agents who were responsible for a single function.

This process was originally developed as a pilot program with specific approval from FHWA to deviate from regulations. FHWA mandated that the owner's rights to a fair appraisal would not be jeopardized. After the pilot program was evaluated and approved for statewide application, policies and procedures in the Right of Way Manual were changed to provide staff with guidance on the Single Agent Process.

The Single Agent Process for non-complex parcels valued below \$10,000 has been in place for several years. In the recent Quality Enhancement Joint Review conducted by Headquarters Right of Way, several of these types of parcels were reviewed. The review indicated the process appears to be functioning rather well, specifically in the northern part of the state. The process reduces Right of Way processing time in that the parcel is not handed off to the various functions as it works its way through the system. This process eliminates multiple trips to the property, saves both the agent and the owner's time in providing information about the property and establishing rapport at each meeting.

3) Reduced Process for Parcels < \$10,000

In lieu of a regular, full appraisal, Right of Way obtained a waiver from FHWA for less documentation for parcels having an estimated value of \$10,000 or less. Such parcels account for more than 50% of all parcels acquired by the Department.

Three valuation formats, as alternatives to the full narrative appraisal, have been established in an effort to reduce the time required to value lower valued parcels. In each of these three formats, substance and brevity should be the norm. The amount of analysis and degree of documentation should be in proportion to the appraisal problem and valuation involved.

Non-complex parcel valuations of \$10,000 or less may be appraised utilizing either the memorandum appraisal format, or a very succinct narrative appraisal.

Additionally, Code of Federal Regulations (49 CFR 23, 102.2) provides that an appraisal is not required for parcels estimated at \$2,500 or less, and FHWA has recently raised the limit to \$10,000 or less. The valuation problem must be uncomplicated, and is documented in a “Determination of Just Compensation.” Because a Determination of Just Compensation is not an appraisal, it cannot be used to obtain Resolutions of Necessity, or establish the amount for deposit in a condemnation proceeding.

Determination of Just Compensation valuations of \$2,500 or less can be documented with a diary entry. The diary entry should state the basis of the value conclusion and include a photograph of the subject.

4) Resolution of Necessities by Locals

The Department is the responsible agency for obtaining Resolutions of Necessity for all projects on the state highway system, irrespective of whom is the lead agency or who does the right of way work. The CTC is the State's governing body to head Resolutions of Necessity. Recent changes to Section 760 of the Streets and Highways Code brought about by Assembly Bill 283, provides for specific authorization on a project by project basis to allow a County Board of Supervisors, in lieu of the CTC, to hear Resolutions of Necessities, upon written approval by the Department. The guidelines for this exception and approval process are outlined in Department Memorandum dated March 17, 2000.

(Addresses AB 1012 recommendation.)

5) Right of Way Acquisition prior to Environmental Approval

Right of Way appraisals may be completed during the Preliminary Right of Way Phase of the project (see Planning & Management Functional File Memo #94-1 and Right of Way Appraisal Manual Section 7.01.09.00 [c]). One overriding criteria is that the preferred alternative must have been made public. Federal Funds must be pre-authorized (see Right of Manual 3.05.00.00).

Acquisitions can be completed using State only funding under specific guidelines (see Acquisition Reference File 00-1). Federal regulations permit early acquisitions without

federal participation; however, they do allow the value of a parcel acquired and that or donated lands to be used as a soft match for the non-federal portion of a federal aid project.

Right of Way may acquire the property prior to environmental approval if the project is non-controversial and the project has been programmed. All laws, regulations, and policies including Uniform Relocation Assistance and Real Properties Acquisition Policies Act, must be followed throughout the acquisition process. A Letter of Qualification (LOQ) shall be approved by the Right of Way Division Chief documenting how the project meets the criteria set forth in the guidelines. Documentation will be maintained in the project file. The LOQ shall contain signatures of the Region/District Division Chiefs for Project Development, Environmental Planning, and Right of Way, indicating their concurrence.

(Addresses AB 1012 recommendation.)

6) Streamlined Potholing Process

Recent approval of a Streamlined Utility Potholing process where the State pays 100% of cost will allow the State to take full control of the potholing process for positive location of underground utilities, to support both Project Development and Constructions program. This will be accomplished utilizing a State funded service contract. This

process is expected to enhance timely project delivery, improve utility relocations, and minimize delays due to unidentified utilities during construction.

(Addresses AB 1012 recommendation.)

7) Implemented Right of Way Project Delivery Team

Use of Right of Way Project Delivery Team to deliver Right of Way products/services on non-complex small projects has proven to be an effective tool to accelerate and enhance project delivery. The Project Delivery Team concept utilizes full-service Right of Way project delivery teams rather than a functional organization. These teams are responsible for delivering all Right of Way products and services necessary to advertise and award projects. The team concept results in timesaving because there are fewer "handoffs" from one functional organization to another. The team owns a project from the earliest estimate to final closeout. Team members gain a broader perspective of project delivery and tend to "own" projects rather than having a single functional perspective. Team members become exposed to many Right of Way skill areas without having to formally rotate.

8) Quality Enhancement Joint Review Process

Implemented the use of Quality Enhancement Joint Review process to identify functional readiness gaps and to identify Best Business Practices. This process was intended to

improve the processes established to provide quality products or services. Every fiscal year a plan is established as to what functions to review for the following fiscal year. Critical monitoring areas are developed prior to the review and shared with the Region/District Managers. This review is conducted using a team approach comprised of a HQ functional senior as the team leader, a visiting Region/District agent and the hosting Region/District functional senior. In addition, an FHWA representative may participate, as may the Quality Enhancement Joint Review Project Manager. The teams are charged with looking at the functional strengths, areas for development, projected workloads and staffing needs, training needs to deliver the work products, and Best Business Practices. This process has worked extremely well, has opened up communication channels and has been a good forum to share knowledge/expertise statewide. This process included functional reviews of the statewide delegations and 23 and 49 Code of Federal Regulation Compliance Reviews.

9) Right of Way Intranet Site

The Right of Way Intranet site is being used to disseminate Best Business Practices and other useful information. Right of Way utilizes its Region/District Quality Enhancement Joint Review (QEJR) process to examine processes and procedures to ensure compliance with applicable statutes, regulations and policies. A major by-product of these reviews is the compilation of "Best Business Practices." A web page that allows others to view these Best Business Practices is sorted by function, subject, and Region/District. This site also allows users to submit Best Business Practices and to query others regarding

unique Right of Way situations. This site is new but should provide a useful method for communicating throughout the Right of Way Division.

B. Proposed Improvements

1) Revise Utility Relocation Master Agreements

Revise Utility Relocation Master Agreements to help expedite Right of Way project delivery. The Department currently has master contracts with nine (9) utility companies. These contracts date back to the early years of the freeway system and apply to freeway relocations only. Each of these contracts was negotiated separately and the terms vary widely. The contracts are complex and each contract must be evaluated as relocations occur. Right of Way is formulating a universal 50/50 Master Agreement for all utility companies to equally share the cost of utility relocations for freeway projects. A 50/50 Agreement will eliminate the time and staff expense presently needed to evaluate liability, provide an equitable and uniform single standard of cost apportionment, simplify the process, eliminate interpretation problems and eliminate conflict and litigation. Implementation of this Non-Master Agreement is expected to save time and money for project delivery.

2) FHWA Delegation

The Right of Way Division will be requesting FHWA to approve an expansion of utility relocation activities that can be accomplished during the preliminary Right of Way phase without jeopardizing federal aid participation. Right of Way will ask request for approval as allowable to proceed with all Utility activities (conflict, identification, relocation plans, ordering long lead time materials, and preparing utility relocation agreements) but not including, the issuance of a utility relocation notice activities prior to regular Right of Way. This will be a substantial expansion of currently allowed utility activities prior to PAED.

3) Analyze Draft Purchase Order Limit

Right of Way will request an audit on Right of Way's existing uses of \$2,500 Draft Purchase Orders (DPO) and determine if an increase in the amount is warranted. Department of Finance, Board of Control has approved the DPO amount to \$10,000 for "Right of Way Acquisitions Only". The existing use of the \$2,500 will have been in existence for 1 year as of July 1, 2001. Right of Way will request an internal audit be performed on the existing process to determine if the Draft Purchase Orders are being appropriately utilized and then determine if the need for an increase is warranted. Since 50% of Right of Way's parcels are estimated to be under \$10,000, this will be a very effective and efficient tool to assist in accelerating project delivery and improving customer satisfaction.

4) Increase Awareness of Right of Way Activities

Increase the awareness of Right of Way Activities with Project Delivery partners by conducting various Right of Way training courses to non-Right of Way. Start having joint Right of Way Management Board meetings with other programs within Project Delivery, and jointly review projects in the field.

5) U.S. Forest Service Agreement

Together with the U.S. Forest Service and FHWA, the Department will assist in developing a three party MOU, for implementation in all National Forest Management Regions within California. The MOU will clarify future project lead agency environmental responsibilities and processing, facilitate Right of Way acquisitions on those projects, and provide a vehicle to clear up previous title issues along existing highways. In an effort to improve interagency processes and expedite project delivery, the Department will take the lead agency role for completing the environmental process. The process requires a centerline and standard corridor measurement be established on all existing and new highways so that Right of Way can easily acquire consistent rights through the forest lands, and even across district lines. Policies and procedures in the Right of Way Manual will provide guidance for Department staff.

(Addresses AB 1012 recommendation.)

6) Increase Expert Witness Pool

The Right of Way Division will be expanding the size and improving the quality of its expert witness consultant pool through development of an informational Internet web site that identifies specific contracting categories, sets forth qualification requirements, and provides for processing resulting applications. Categories will include Goodwill, Machinery and Equipment, and Real Property. A Department Headquarters Right of Way review team will review applications of the Goodwill and Machinery and Equipment Appraisals. District review teams will review applications for Real Property Appraisers. Qualified applicants will be placed on a statewide list. The contractors will establish preferences for locations for which they prefer to be considered. The districts will be able to draw from a pool of qualified contractors with short notice.

7) Analyze Agent Appraisal/Acquire Limit

The Right of Way Division has requested FHWA approval to increase the successful “Single Agent Appraise/Acquire Process” from \$10,000 to \$25,000. The original request for a pilot project in the Southern Right of Way Region for several soundwall projects where required, was for temporary construction easements for those soundwall projects are expected to exceed the \$10,000 limit but most should be under \$25,000. The request has been modified to include at least one pilot project in each district where the property

value estimates exceed \$10,000 but the acquisition and relocation is considered non-complex.

Current requirements for preparation of an appraisal over \$10,000 are still in place, but a similar agent can prepare the report, based on the inspection of the property and discussion with the owner, and complete the acquisition and relocation activities.

For additional information, contact Bimla Rhinehart at (916) 654-2450.

XII. Engineering Services, Division of Office Engineer

The Engineering Services Division of Office Engineer (ES-OE) receives Plans, Specifications and Estimate for Capital Outlay projects from Department district offices. ES-OE prepares the contract documents, advertise the projects, opens bids and award the construction contracts. In Fiscal Year 1999-2000, ES-OE awarded approximately 700 contracts worth a total of approximately \$2 billion.

A. Implemented Improvements:

1) Reduced Advertising Period

The “Advertising Period” is the duration from when contract documents are available to contractors for bidding to the time bids are opened. ES-OE has reduced the advertising period for Safety Projects, under \$2.5 million with 50 or less contract items, from 4 to 3 weeks. Maintenance project advertising periods were also reduced to 3 weeks for projects with less than 20 items or plan sheets. Projects costing over \$1 million will have advertising periods reduced by a week or more. These reductions were taken without requiring a change to State statutory or Federal requirements.

(Addresses AB 1012 recommendation.)

2) Reduced Listing Period

The “Listing Period” is the time used for final plan sheet preparation, disadvantaged business goal setting, final development of bid books, proofing, and reproduction of bid packages. ES-OE reduced the 6-week listing period to 4 weeks. Contract preparation activities during the listing process were compressed by taking advantage of efficiencies in office automation and reproduction of contract documents.

3) Redesigned Website

The ES-OE Internet website was developed to provide up-to-date information to the construction contracting community as well as to automate the distribution of contract advertising announcements, bid result information and plans and specifications. ES-OE redesigned the ES-OE Internet Website to improve its performance to our customers. The “look and feel,” content and frequency of data refresh were improved.

4) Streamlined Plans, Specifications and Estimate (PS&E) Submittal Process

Plans, Specifications and Estimate (PS&E) submittal process is the process where PS&E is submitted from the districts to ES-OE for contract preparation. ES-OE reduced the submittal time from 4 days to 0 days. This efficiency was achieved by ES-OE’s development of a fully electronic PS&E submittal package.

(Addresses AB 1012 recommendation.)

5) Developed Specifications and Guidelines for Design Sequencing

ES-OE developed specifications and guidelines for advertisement of “Design Sequencing” in selected pilot projects. This project delivery method, allowed by legislative pilot, allows projects to be advertised for which the completed plans and specifications will be provided to the Contractor during the construction phase.

6) Training by ES-OE to Enhance Project Delivery

The following ES-OE training efforts were implemented and will be given on a continuous basis:

- Training Project Engineers and District Specification Engineers on the "Project Preparation and Review" class. The target audience for this class is engineers with less than 5 years of experience or new engineers to the Department. The objectives of the class are threefold: 1) participants will be able to prepare a plans, specifications and estimate (PS&E) package that is consistent (i.e., work shown on the plans is consistent to what's in the estimate and the specification); 2) participants will be able to prepare a PS&E package where work shown on the plans is fully covered in the Specifications and Estimate; and 3) participants will be able to prepare a PS&E package that is complete, biddable and buildable (i.e., could be bid cost effectively

and built within the estimated working days with a minimum of avoidable contract change orders.

- Training District Specification Engineers (DSE) (Electrical, Landscape and Civil) as ES-OE Specification Engineers. This training is performed in ES-OE where the DSE performs the work of the ES-OE SE. The objective of this training is for the DSEs to be familiar of the ES-OE processing timelines and milestones; to produce more PS&Es in a qualified form, to be exposed to different projects and issues, and so that ES-OE would have trained staff to assist during the ES-OE peak periods to deliver the Department's program on schedule.
- Sending ES-OE staff to districts to be trained to do the work of the DSE and become more familiar with district issues. This training is performed in the Districts where the ES-OE SE goes to the District to process a PS&E for submittal to ES-OE.

7) Compressed Processing for “Qualified” Projects

ES-OE qualifies individual district specification engineers to provide projects in a more complete fashion (“qualified projects”). ES-OE implemented compressed PS&E processing for qualified projects less than \$5 million.

(Addresses AB 1012 recommendation.)

8) Workload Sharing between ES-OE and Districts

Peak workload occurs at different times in the districts and ES-OE. ES-OE solicited District Specification Engineers to perform ES-OE work during our peak period in order to deliver the Minor A and Maintenance programs. Award of these projects is required by June 30 of each year. Also, ES-OE sends specifications engineers to the districts to assist in them during their peak period.

B. Proposed Improvements

1) Standard Specifications and Standard Plans in English Units

Many local agencies use the Department's Standard Specifications and Standard Plans for their construction contracts. When the Department adopted the metric system, we discontinued updates to the English versions of these documents. To accelerate delivery of local projects, local agencies have requested English unit updates. Upon authorization from management, ES-OE will facilitate the development and publication of the Department's Standard Specifications, Standard Plans and Standard Special Provisions in English units to expedite delivery by local agencies of projects not on the State highway system.

(Addresses AB 1012 recommendation.)

2) New Training Classes Provided by ES-OE

ES-OE encourages the Districts to develop better quality PS&Es and to better manage their project delivery. The results are project acceleration, a reduction in the amount of effort and time needed by ES-OE to develop final contract documents, better bids and reduced contract administration problems in construction. In addition to the training we are already providing described in section A6 above, the following training classes will be developed and implemented:

- **Qualified Process Training:** Enhance training to certify additional Qualified District Specification Engineers to produce PS&Es in final form.
- **Project Manager Training:** Train district project management and support staff on how to use ES-OE project management tools to manage delivery of their projects through ES-OE.
- **OE Academy:** Train District Specification Engineers to give them the knowledge and tools they need to deliver high quality PS&E's to ES-OE. Most of the issues that delay advertisement or bid opening and award of contracts can be avoided if the Engineers who prepare projects in the District were aware of them. Therefore, the emphasis will be on training District Specification Engineers to identify and correct issues before sending the projects to ES-OE.

3) Electronic Submittal and Review of Plans, Specifications and Estimate to the Federal Highway Administration (FHWA)

Implement pilot project to provide FHWA with electronic plans, specifications and estimate for review of non-exempt projects. Implement electronic process to communicate project reviews and approvals.

4) Enhanced Internet Access to Project Plans and Specifications

Implement “I-Doc” project to publish electronic plans and specifications on the internet in a fully indexed and easy to use format.

5) Provide Electronic Access to Project Documentation

Implement electronic access to project documentation by other functions in the Department and FHWA to facilitate information sharing and project delivery. Included in this project is automatic e-mail notification to other programs when ES-OE receives a PS&E submittal from the district.

6) Purchase of Bid Packages via the Internet

Implement system to allow purchasing of construction contract bid packages via the Internet by contractors and subcontractors.

For additional information, contact Brian Lee at (916) 227-6270.

XIII. Construction

Speed of construction is contingent on the quality of the plans and specifications, the quality of the contract administration, and the means/methods selected by the contractor. The Department has control over the first two items and influence over contractor means/methods.

A. Implemented Improvements

1) Constructability Reviews

Prior to formalizing constructability reviews in 1997, project engineers were only required to have the final draft project plans and specifications reviewed by construction staff. On complex projects and value-engineered projects project engineers might include construction staff during the project study and/or design phase. In 1997, the Division of Design issued a policy guideline institutionalizing constructability reviews at appropriate milestones.

2) Cost-plus-Time (A + B) Bidding

In A + B the successful bidder has the lowest combination of “A” contract amount (item and/or lump sum) and “B” total number of days bid by contractor to complete the work multiplied by the road user costs (as predetermined by the agency). Payment to the contractor is the “A” amount and the contract duration is the “B” amount. Contractors on A + B bid contracts have generally bid fewer working days than calculated by the Department (average is 14% fewer working days). A + B bidding was piloted in 1993. In 1995, FHWA determined that A + B bidding was no longer experimental and agencies were allowed to implement on projects without FHWA prior approval. Guidelines for employing A + B bidding and/or Incentives/Disincentives on projects were issued in June of 2000. As a goal, the Department would like to use A+B bidding on 50% of all projects over \$5 million advertised in 2002-03.

(Addresses AB 1012 recommendation.)

3) Incentives/Disincentives (I/Ds)

I/Ds encourage a contractor to meet the contract’s specified schedule. The incentive and disincentive may be based on liquidated damages and/or road user costs. Rarely used previously without A + B bidding on emergency contracts, guidelines for employing A + B bidding and/or I/Ds on projects were issued in June of 2000.

4) A + B with I/Ds

These two items can be used together to encourage timely delivery and meeting specified project milestones. Guidelines for employing A + B Bidding and/or I/Ds on projects were issued in June of 2000.

5) Joint contractor/state Value Analysis Study immediately after contract approval

A special provision “Value Analysis (VA) Study Workshop,” is being included in all contracts estimated to cost more than \$5 million. This specification provides an opportunity for Caltrans and contractor staff to meet for the purpose of generating and developing ideas for reducing the contracts cost and time.

6) Construction Contract Time

A new policy implemented in February 2001 requires project engineers to employ standard industry production rates and critical path method (CPM) schedules on all major projects (costing \$750,000 or more) to determine construction contract time. Previously, project engineers would review projects of similar cost and scope to estimate project time or use in-house production rates to determine contract time. The Department is also utilizing new technologies to decrease construction contract time. One of these technologies is Fast Setting Hydraulic Cement Concrete. As the name suggests, this concrete sets fast but has high cost and limited use.

B. Proposed Improvements

1) Policy to Pay for Acceleration Costs During Construction When Cost Effective

A Department/industry team chartered to focus on contractor enhanced Transportation Management Plans is including this item as an output. Cost effective is being defined as avoiding motorists' delays. The team is considering a “Cost Reduction Incentive Proposal” (CRIP) type of specification that would compensate contractors for avoiding/minimizing actual motorists' delays.

2) Contractors Involvement on Pre-Bid Design Phase

The above Department/industry team chartered to focus on contractor enhanced Transportation Management Plans is including this item as an output. The intent is for contractors to be involved at some point in constructability reviews without comprising the fair bid process.

3) Information Technology Systems

Improve and add functionality to existing information systems and develop new systems that reduce manual processes, allowing improved contract time monitoring and reduction in delays. A significantly larger proportion of the field construction staff's time will be available for ensuring timely prosecution of the work and earlier resolution of delay disputes.

For additional information, contact Scott Jarvis at (916) 651-6284.

XIV. Local Assistance

A Implemented Improvements

The Division of Local Assistance (DLA) has implemented the following changes and added a number of services to improve delivery of local agency projects.

1) Increased Training

The existing training program is constantly being updated and revised to help local agencies with project delivery. Disadvantaged Business Enterprise (DBE) training classes were updated to educate local agencies on DBE goal setting and Construction Contract Administration requirements. A STIP course was added to teach local agencies STIP programming and implementation procedures. A Consultant Selection course was revised to help local agencies with various consultant selection procedures and consultant contract management.

A training advisory team continues to meet for the purpose of reviewing the existing training curriculum and recommending changes or new classes. The Team has representatives from the DLA, RTPAs, and local agencies, and meets several times each year. Training continues to be made available through the Cooperative Training Assistance Program (CTAP) and Local Technical Assistance Program (LTAP).

A Local Assistance Academy continues to train new Local Assistance employees. Work continues with various HQ divisions to include local agencies in Capital Program Skills Development (CPSD) courses and academies, such as Right of Way Academy, Bridge Design Academy, Environmental courses, New Technology and Research-Intelligent Transportation Systems (ITS) courses, and Design courses.

(Addresses AB 1012 recommendation)

2) Increased Technical Assistance

The DLA has added staff in headquarters and the districts to accelerate project review and approval, for local agencies seeking reimbursement through various federal or state funding programs. Department staff is now available to provide technical and advisory support to local agencies in the following seven areas: 1) Environmental, 2) Design, 3) Construction Management with District Construction Contract Monitoring, 4) Project Management Support, 5) Preliminary Engineering, 6) Hydraulics, and 7) Right of Way. The Department will consider reimbursable work requests from local agencies on a case-by-case basis.

(Addresses AB 1012 recommendation)

3) Simplified Agreement Process

A simplified agreement process has been implemented for local agency projects to receive federal funds. In the past, separate Program Supplement Agreements (PSA) were required for each phase of the project, namely Preliminary Engineering, Right of Way, and Construction. Under the new process, a PSA is needed only for the first phase of the project involving federal funds. The future phases of the project could be included into the agreement simply by the approval of a finance letter.

The DLA has also provided a “Sample Blanket Resolution to the local agencies. By adopting this blanket resolution, the local agency need not get a specific resolution from its Council or Board for the execution of each PSA. This has eliminated the need to wait for the Council or Board to meet every time a PSA needs to be executed.

(Addresses AB 1012 recommendation.)

4) Delegated Allocation Authority

The Commission has delegated to the Department the authority to make allocations for certain categories of local agency projects programmed in the STIP. The DLA continues to take full advantage of this delegated authority.

(Addresses AB 1012 recommendation.)

5) Reduced Number of Pre-Award Audits Requirements

The DLA has issued a Local Programs Procedure (LPP 00-05) that eliminates the pre-award audit limit for consultant contracts under \$250,000 for all federal and state-only funded Local Assistance projects. It also increased the current service contract threshold from \$25,000 to \$100,000.

(Addresses AB 1012 recommendation.)

6) Use It or Lose It

Implementation of the “use it or lose it” provisions of AB 1012 provided a significant incentive for on-time delivery of locally designated, federally funded RSTP/CMAQ projects. This legislation was enacted to provide a disciplined, structured and accountable environment for the delivery of local RSTP and CMAQ projects. Specifically, the legislation states that RSTP and CMAQ funds not obligated within the first three years of federal eligibility are subject to redirection by the CTC in the fourth year. For the first cycle, regions were notified that they needed to obligate about \$330 M in these funds to keep from losing them. At the end of the one-year period (January 2001), no funds were lost. For cycle 2, noticed on December 5, 2000 at \$277 M (including regional TEA), the balance is down to \$34 M as of February 28, 2001. A six-month extension for cycle 2 was granted by the CTC. The regions with outstanding cycle 2 balances have until June 5, 2002 to obligate these funds.

7) Manuals and Guidelines on CD ROM

The Publications for Local Assistance is available on CD from the Department Publications Unit. This CD acts as a one-stop shop for information and promotes better access to helpful information for local project delivery. Especially useful as a starter kit for new staff, the CD provides local agencies and their consultants with fast and powerful access to essential information. Local project sponsors will find the CD full of manuals, handbooks, and other publications that address procedures, practices, policies, and standards. The *Local Assistance Procedures Manual*, *Local Assistance Guidelines*, Local Assistance Guidebooks, the Department's Standard Plans and Specifications and all previously released Local Program Procedures (LPPs) are some of the publications included on the CD. Most of these publications are posted at the Department's Website, but the CD enables PC users to find information without requiring Internet access or performing an on-line search. The CD is part of an ongoing effort to provide more "user-friendly" manuals for local assistance project delivery.

(Addresses AB 1012 recommendation.)

8) Improved Program Management Direction and Communications

The Local Assistance Management Board (Division Chiefs & Program Manager) & Council (DLAEs and DLA Office Chiefs) were established; 1) to identify issues, 2) to recommend corrective actions to help local agencies achieve efficient, effective, and

timely delivery of transportation projects, and 3) to strengthen the state/local partnership. The Local Assistance Program Strategic Plan was developed via the Local Assistance Management Board. The plan includes Mission, Vision, Goals, Objectives, Strategies and Performance Measure areas, which target specifics in delivery and supporting areas.

(Addresses AB 1012 recommendation.)

9) Electronic Forms (Forms Plus)

Currently, there are a large number of forms that local agencies must complete when submitting a request to receive funding. Electronic versions of these forms have been developed using a File Maker Pro application. The intended results are to reduce the time and effort needed by customers to complete necessary forms, and elimination of redundant data entries.

(Addresses AB 1012 recommendation.)

B. Proposed Improvements

1) Improved Training

The DLA will continue to refine and expand the training program and improve training to local agencies by more strategically leveraging training resources, providing just-in-time

training mechanisms where applicable, and working with headquarter Divisions to increase the number of local agencies attending Department CPSD training.

(Addresses AB 1012 recommendation.)

2) Expedite Reimbursements

The Department is working with the State Controllers Office on developing an Electronic Fund Transfer (EFT) system to expedite reimbursement to Local Agencies. The anticipated implementation date is summer 2002.

(Addresses AB 1012 recommendation.)

3) Standard Environmental Reference

The DLA is working with the Division of Environmental Analysis (DEA) on the completion of the Standard Environmental Reference (SER). The SER will provide a single, standard reference on compliance with NEPA and related federal laws, regulations, and policies for statewide use by local agencies, Caltrans, and FHWA. The SER will have links to applicable legislation and other relevant supporting data.

For questions, contact Terry Abbott at (916) 653-1776.